

Message Text

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PAGE 01 LONDON 12512 251939Z

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ACTION EUR-25

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SUBJ: SOCIAL CONTRACT DOMINATES THE ELECTORAL STAGE

RE: (A) LONDON 12454; (B) LONDON 12330

1. BEGIN SUMMARY: THE SOCIAL CONTRACT CONTINUES TO DOMINATE THE ELECTORAL STAGE, WITH ALL OF THE TOP LEADERS OF THE CONTENDING PARTIES DEFENDING IT OR TRYING TO SHOOT IT DOWN, AND WITH THE SECOND ECHELON ENTERING THE FRAY. WHILE THE CONTINUING FORD STRIKE IS PROVIDING SOME POINTS TO THE OPPOSITION IN THIS "GREAT DEBATE,"

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PAGE 02 LONDON 12512 251939Z

PRIMIN WILSON'S CHALLENGE TO THE CONSERVATIVES -- AND THE LIBERALS --

TO COME UP WITH A BETTER ALTERNATIVE IS CLEARLY PLACING THEM ON THE DEFENSIVE. END SUMMARY

2. IN HIS SPEECH LAST NIGHT, WILSON CALLED ON THE CONSERVATIVES TO OFFER A VIABLE ALTERNATIVE TO THE SOCIAL CONTRACT, AND DECLARED THAT THEY "ARE EITHER ITCHING TO START SQUARING UP FOR ANOTHER ROUND IN THE SLOGGING MATCH OR THEY BELIEVE THAT THREATS AND UNEMPLOYMENT WILL DO THE TRICK FOR THEM. THE LABOR GOVT REJECTS BOTH." TODAY (SEPT 25) AT A PRESS CONFERENCE, WILSON RETURNED TO THE ARGUMENT. HE SAID THAT THE CONSERVATIVES WERE REALLY TRYING TO LEAD THE COUNTRY TO BELIEVE "THEY ARE OFFERING A BIGGER AND BETTER SOCIAL CONTRACT BINDING ON EVERYBODY, BUT STILL VOLUNTARY."

3. HE ADVISED THE CONSERVATIVES TO "LET THE COUNTRY IN ON THEIR SECRET." IF THEY "SHOULD CONTINUE THEIR TRAPPIST SILENCE THROUGHOUT THE ELECTION," HE ADDED, "THERE WILL BE MANY WHO WILL BE FORCED TO THE CONCLUSION THAT THE CONSERVATIVES HAVE NO HOPE AND NO INTENTION OF CREATING EVEN THE MINIMUM CONDITIONS FOR THE VOLUNTARY POLICY THEY CLAIM TO BE SEEKING" AND THAT THEIR ANSWER REALLY LIES IN AN EARLY RECOURSE EITHER TO A STATUTORY INCOMES POLICY OR THE USE OF INCREASED UNEMPLOYMENT. WHEN A REPORTER ASKED THE PRIMIN WHAT THE LABOR GOVT WOULD DO IF THE SOCIAL CONTRACT FAILED, HE REPLIED SIMPLY, "IT ISN'T GOING TO FAIL...IT HAS TO WORK."

EARLIER, JAMES PRIOR, SHADOW SECRETARY OF STATE FOR EMPLOYMENT, RELECTED THE DEFENSIVE CHARACTER OF THE CONSERVATIVE POSITION IN REGARD TO WAGE POLICY AND INFLATION. HE TOLD A PRESS CONFERENCE YESTERDAY (SEPT 24): "MY BARGAIN WITH THE NATION IS THAT UNLESS WE CAN GET ON TOP OF INFLATION, YOU ARE GOING TO BE OUT OF A JOB AND OUR WHOLE SYSTEM OF DEMOCRACY MAY GO." (WILSON, IN HIS PRESS CONFERENCE TODAY, SEIZED UPON THE PRIOR STATEMENT, DECLARING: "THIS IS NOT A BARGAIN, IT IS A CLEAR THREAT.")

5. THE LIBERALS, TOO, APPEARED TO BE ON THE DEFENSIVE. JEREMY THORPE, LIBERAL PARTY LEADER, SPEAKING IN DEVON DENIED THAT HIS PARTY APPEARED TO BE TAKING OVER THE UNION-BASHING ROLE OF THE CONSERVATIVES. HE AGREED THAT THE SOCIAL CONTRACT DID RECOGNIZE THE DANGERS OF INFLATION, BUT ARGUED THAT ITS CENTRAL WEAKNESS WAS ITS LACK OF BINDING CHARACTER (THE LIBERALS FAVOR RETURN TO A LIMITED OFFICIAL USE

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PAGE 03 LONDON 12512 251939Z

STATUTORY INCOMES POLICY). HE EMPHASIZED THAT HE HAD "MADE IT CLEAR THAT IT IS THE JOB OF GOVT TO RUN THE ECONOMY AND NOT TO EXPECT THE TRADE UNION MOVEMENT TO DO IT FOR THEM."

6. ALTHOUGH THE FORD STRIKE IS CONTINUING AND IS AN EMBARRASSMENT TO THE LABOR PARTY AND TO THE TUC, MOSS EVANS, TRANSPORT AND GENERAL WORKERS UNION CHIEF FORD NEGOTIATOR, IS CALLING A MEETING IN LONDON TOMORROW OF SHOP STEWARDS FROM VARIOUS FORD PLANTS CONCERNED, IN AN

EFFORT TO SETTLE IT.

7. MANY OTHER INDIVIDUALS ARE BEING DRAWN INTO THE FRAY. FOR EXAMPLE, LEN NEAL, FORMER CHAIRMAN OF THE INDUSTRIAL RELATIONS COMMISSION -- AND ONCE AN OFFICIAL OF THE TRANSPORT AND GENERAL WORKERS UNION -- CALLED THE SOCIAL CONTRACT "ONE OF THE BIGGEST CONFIDENCE TRICKS EVER PERPETRATED ON A GASPING, WAITING NATION." (NEAL, WHO IS IDENTIFIED AS A "LABOR PARTY SUPPORTER" IN CURRENT PRESS REPORTS, HAS LONG BEEN CONSIDERED A HARD-LINER ON INDUSTRIAL RELATIONS ISSUES BY A NUMBER OF HIS FORMER COLLEAGUES IN THE TRADE UNION MOVEMENT FROM WHOM HE HAS BEEN ESTRANGED.)

8. COMMENT: THERE IS NO DOUBT THAT THE CONSERVATIVES ARE IN A DIFFICULT POSITION IN THIS DEBATE. ON THE ONE HAND, THEY SUFFER FROM THE HISTORY OF THE RECENT PAST, WHEN THEIR STATUTORY INCOMES POLICY WAS SEEN TO HAVE FAILED IN RESOLVING THE INDUSTRIAL CRISIS SPARKED BY THE MINERS LAST WINTER. ON THE OTHER HAND, THEY CANNOT CLEARLY DEMONSTRATE AS YET THAT THE LABOR GOVT'S VOLUNTARY APPROACH TO WAGES POLICY IS A FAILURE. TOO BADLY BURNED TO RETURN TO A COMPULSORY POLICY THAT COST THEM THE LAST ELECTION, AND UNLIKELY TO CONVINCE MANY PEOPLE THAT THEY WOULD DO A BETTER JOB THAN LABOR OF MAKING A VOLUNTARY POLICY WORK, THEY FIND THEMSELVES VIRTUALLY BANKRUPT ON THIS ISSUE. WILSON KNOWS IT AND IS BEARING DOWN HARD.

9. THE LIBERALS BENEFIT FROM PUBLIC RECOGNITION THAT THEIR BELIEF IN THE NEED FOR A STATUTORY INCOMES POLICY IS STRAIGHTFORWARD AND UNEQUIVOCAL, BUT LIKE THE TORIES THEY ARE HANDICAPPED BY POPULAR DOUBTS CONCERNING THEIR ABILITY TO MAKE SUCH A POLICY WORK. ANNENBERG

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